

***J. C. Penney Company***  
***Incorporated***

***Financial Statement***

***Operating Seven: Hundred  
Forty-Five Stores.***

***December 31, 1926.***

*April 1927 being our Silver Anniversary, we believe the following figures of our growth will be of interest to readers of our Financial Statement:*

Year	No. of Stores	Gross Business
1902	1	28,898.11
1903	1	63,522.95
1904	2	94,165.49
1905	2	97,653.54
1906	2	127,128.36
1907	2	166,313.82
1908	4	218,432.35
1909	6	310,062.16
1910	14	662,331.16
1911	22	1,183,279.96
1912	34	2,050,641.99
1913	48	2,637,293.72
1914	71	3,560,293.75
1915	86	4,825,072.19
1916	127	8,428,144.34
1917	177	14,881,203.14
1918	197	21,338,103.60
1919	197	28,783,965.42
1920	297	42,846,008.53
1921	312	46,641,928.20
1922	371	49,035,729.06
1923	475	62,188,978.73
1924	571	74,261,343.00
1925	676	91,062,616.17
1926	745	115,683,023.37

## J. C. PENNEY COMPANY

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### Income Account For Year Ended December 31, 1926.

Sales		\$115,683,023.37
Cost of Merchandise Sold, Selling and General Expenses, Depreciation and Reserve for Federal Taxes		<u>107,522,298.11</u>
		8,160,725.26
Discount on Purchases and Miscellaneous Income		<u>757,547.28</u>
Net Profit before Preferred Stock Dividends		8,918,272.54
Less Preferred Stock Dividends paid from 1926 Earnings:		
First Preferred	\$140,595.00	
Class "A" Preferred	<u>508,116.00</u>	<u>648,711.00</u>
Transferred to Surplus		<u><u>\$8,269,561.54</u></u>

### SURPLUS ACCOUNT

Surplus at December 31, 1925		9,460,062.89
Net Sundry Additions during Year		<u>23,891.01</u>
		9,483,953.90
Less Common Stock Dividends:		
In Cash	3,153,775.50	
In Stock	<u>925,946.62</u>	<u>4,079,722.12</u>
		5,404,231.78
Add Net Income for 1926 after deducting Preferred Stock Dividends		<u>8,269,561.54</u>
Surplus at December 31, 1926		<u><u>\$13,673,793.32</u></u>



# J. C. PENNEY COMPANY

## Balance Sheet As at December 31, 1926.

### ASSETS

Cash in Banks and on Hand		\$ 2,413,720.10
U. S. Liberty Bonds and Accrued Interest—At Cost		7,207,166.67
Merchandise—At Cost or Market, whichever is lower		21,720,748.76
		31,341,635.53
Notes Receivable, due from Employees (Secured by Capital Stock)		622,939.71
Stock Subscription Contracts for Common Stock held for Employees, less payments made		1,245,479.50
Accounts Receivable, Advances, Etc.: Subsidiary Companies	\$798,000.00	
Miscellaneous	142,724.95	940,724.95
Investment in Subsidiary Companies—At Cost		50,000.00
Furniture and Fixtures, Etc., less Depreciation		3,779,668.76
		<u>\$37,980,448.45</u>

### LIABILITIES

Accounts Payable, not yet due		3,170,611.09
Reserve for Federal Taxes		1,578,818.60
		4,749,429.69
Reserves for Fire Losses and Employees' Death Benefit Fund		684,515.32
Capital Stock:		
First Preferred 7% Cumulative (Authorized \$10,000,000.00)	1,817,800.00 *	
Class "A" Preferred 6% Cumulative (Authorized \$15,000,000.00)	8,468,600.00	
Classified Common (Authorized \$10,000,000.00)	8,520,000.00	
Unclassified Common, No Par—35,184 Shares (Authorized 100,000 Shares)	66,310.12	18,872,710.12
Surplus		13,673,793.32
		<u>\$37,980,448.45</u>
Contingent Liabilities—None.		

*Note:* \* Called for Retirement as at January 30, 1927 at \$105.00 per share.

### CERTIFICATE OF AUDITORS

We have examined the books and accounts of the J. C. Penney Company for the purpose of verifying the assets and liabilities as at December 31, 1926. We have made a test check of the physical existence of the merchandise stock at a sufficient number of the Company's stores to satisfy ourselves as to the correctness of the inventories; we have also made adequate tests to satisfy ourselves that the basis of valuation is at cost or market, whichever is lower.

We hereby certify that, in our opinion, the foregoing Balance Sheet, which is in agreement with the books, correctly sets forth the financial position of the Company at December 31, 1926.

New York, N. Y.,

February 19, 1927.

PEAT, MARWICK, MITCHELL & CO.

## OFFICERS

<b>J. C. PENNEY, <i>Chairman of the Board</i></b>	
<b>E. C. SAMS</b>	<i>President</i>
<b>GEO. H. BUSHNELL</b>	<i>Vice-President</i>
<b>J. M. McDONALD</b>	<i>2nd Vice-President</i>
<b>J. I. H. HERBERT</b>	<i>3rd Vice-President and Treasurer</i>
<b>L. A. BAHNER</b>	<i>Secretary</i>
<b>A. W. GRIGGS</b>	<i>Comptroller</i>

## DIRECTORS

**J. C. PENNEY, *Chairman***

<b>E. C. SAMS</b>	<b>D. G. McDONALD</b>
<b>GEO. H. BUSHNELL</b>	<b>GLEN G. WHITE</b>
<b>J. M. McDONALD</b>	<b>R. H. OTT</b>
<b>J. I. H. HERBERT</b>	<b>L. V. DAY</b>
<b>WILK HYER</b>	<b>G. H. CROCKER</b>